

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, FEBRUARY 12, 2003, 2:00 P.M.
Room 223, State Capitol Building

Members Present: Sen. David Gladwell, Co-Chair
Rep. Bradley T. Johnson, Co-Chair
Sen. Bill Hickman
Sen. Peter Knudson
Sen. Ron Allen
Rep. Margaret Dayton
Rep. Brad Dee
Rep. Kory M. Holdaway
Rep. Gregory H. Hughes
Rep. Patricia W. Jones
Rep. Susan Lawrence
Rep. LaWanna "Lou" Shurtliff
Rep. Bradley A. Winn

Member Absent: Rep. Stephen H. Urquhart

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present: Commissioner Cecelia Foxley
Regent Pamela Atkinson

Visitor List on File

Committee Co-Chair Gladwell called the meeting to order at 2:15 p.m.

1. Committee Business

MOTION: Rep. Holdaway moved to approve minutes of the February 7, 2003, and February 10, 2003 minutes.

The motion passed unanimously with Sen. Hickman and Rep. Winn absent for the vote.

2. Continued Budget Discussion—Analyst Boyd Garriott briefly explained a handout of proposed motions.

MOTION: Rep. Dayton moved to reduce the FY 2003 General Fund one-time appropriation to the State Board of Regents by \$3,958,600 that was appropriated in Item 129, H.B. 6001, Supplemental Appropriations Act V, 2002 Sixth Special Session.

The motion passed unanimously with Sen. Hickman and Rep. Winn absent for the vote.

MOTION: Rep. Holdaway moved to appropriate \$3,958,600 in one-time General Funds for FY 2003 as follows: \$1,256,200 to the University of Utah, \$731,600 to Utah State University, \$344,800 to Weber State University, \$174,600 to Southern Utah University, \$135,400 to Snow College, \$130,400 to Dixie State College, \$147,300 to the College of Eastern Utah, \$395,200 to Utah Valley State College, \$306,100 to Salt Lake Community College, \$94,400 to the Utah Education Network, and \$242,600 to the Utah College of Applied Technology - Administration. (Note: \$41,400 stays at the SBR)

The motion passed unanimously with Sen. Hickman and Rep. Winn absent for the vote.

MOTION: Rep. Dee moved to approve the FY 2004 base budget for the Utah System of Higher Education at \$815,660,500. The Plan of Financing includes \$555,304,000 from the General Fund, \$246,371,000 from Tuition Revenue (Dedicated Credits), \$4,203,700 from Federal Funds, \$743,600 from the Mineral Lease Account, \$753,700

from the Land Management Trust Account, \$4,000,000 from the General Fund Restricted—Tobacco Settlement Fund, and \$4,284,500 from the General Fund Restricted Cigarette Tax Fund.

The motion passed unanimously with Sen. Hickman absent for the vote.

MOTION: Rep. Shurtliff moved to adopt the distribution of the \$815,660, 500 and the corresponding plan of financing to the nine USHE institutions and to the Board of Regents along with the Plan of Financing as outlined in the following tables (attached).

The motion passed unanimously with Sen. Hickman absent for the vote.

MOTION: Rep. Jones moved to adopt the FY 2004 Budget for the Utah Education Network at \$19,776,200. This includes \$18,322,200 for the Utah Education Network and \$1,454,000 for the UEN Satellite System. The Plan of Financing includes: \$14,357,300 from the General Fund, \$4,195,000 from Federal Funds, \$1,037,000 from Dedicated Credits, and \$186,900 from Transfers.

The motion passed unanimously with Sen. Hickman absent for the vote.

MOTION: Rep. Lawrence moved to adopt the FY 2004 Budget for the Utah Medical Education Council at \$200,000 from Federal Funds.

The motion passed unanimously with Sen. Hickman absent for the vote.

A final list of principles from both the Regents and the Subcommittee to be used in the 2% budget cuts was distributed (attached). Rep. Dayton wanted serious consideration given to priorities established by the boards of trustees for each institution. Commissioner Foxley said all major decisions include full consultation with those Boards before anything comes to the Board of Regents.

MOTION: Rep. Johnson moved, subject to the final action of the Executive Appropriations Committee, to reduce the State funding in the Utah System of Higher Education FY 2004 base budget by \$11,107,400. The allocation of this reduction to the nine USHE institutions and to the State Board of Regents shall be based upon the guiding principles adopted by the Appropriation Subcommittee for Higher Education in consultation with the presidents and boards of trustees and shall be presented to the Legislature by Monday, February 17, 2003.

SUBSTITUTE MOTION: Rep. Lawrence moved, subject to the final action of the Executive Appropriations Committee, to reduce the State funding in the Utah System of Higher Education FY 2004 base budget by \$11,107,400. The allocation of this reduction to the nine USHE institutions and to the State Board of Regents, in consultation with the presidents and boards of trustees, shall be based upon the guiding principles adopted by the Appropriation Subcommittee for Higher Education and shall be presented to the Legislature by Monday, February 17, 2003.

The substitute motion passed unanimously with Sen. Hickman absent for the vote.

Rep. Jones went on record as opposing the 2% cut. She said revenues need to be enhanced rather than imposing cuts.

MOTION: Rep. Jones moves that other sources of revenue should be used as it becomes available to mitigate the 2% budget cuts for higher education.

Discussion to the motion was heard from Reps. Dee, Lawrence, and Johnson.

SUBSTITUTE MOTION: Rep. Dayton moved to ask the Executive Appropriations Committee to accept the Higher Education Appropriation Subcommittee's recommendations on budget cuts along with a plea for help to restore the 2% cuts if possible.

Rep. Jones said it weakens her intent but it is better than nothing. Further discussion was heard from Reps. Johnson, Dayton, and Shurtliff.

The substitute motion passed unanimously with Sen. Hickman absent for the vote.

MOTION: Rep. Dayton moved intent language as follows:

It is the intent of the Legislature that a study be performed of applied technology education in the state with the Utah System of Higher Education, Public Education, and the Utah College of Applied Technology, by the Office of the Legislative Fiscal Analyst in conjunction with the Governor's Office of Planning and Budget. It is further the intent of the Legislature that a written report be presented by October of 2003 to the Executive Appropriation Committee, and also reported to the appropriate Legislative Appropriation Subcommittees during the 2004 General Session.

The motion passed unanimously with Sen. Hickman absent for the vote.

Mr. Garriott discussed remaining intent language distributed to the Subcommittee. Commissioner Foxley said the S12 report is based on October data and they get it there as fast as they can but would not meet intent language. Mr. Garriott said that would be okay. Regent Atkinson asked that the term "disadvantaged" be deleted and replaced with "needs" in statute because some people are offended by the term. Commissioner Foxley said they are fine with the remaining intent language.

MOTION: Rep. Holdway moved to approve all remaining intent language, with the exception of the language regarding Rural Development Funds, as follows:

It is the intent of the Legislature that the Utah System of Higher Education in submitting its budget for FY 2003 for the educationally disadvantaged shall separate their request by the main campus and by any branch campuses. It is further the intent of the Legislature that the Office of Legislative Fiscal Analyst in preparing the annual Appropriations Act for FY 2003 shall separate into line items of appropriation those requests approved for the educationally disadvantaged by the main campus and by any branch campuses.

It is the intent of the Legislature that tuition revenue generated from tuition rate increases shall remain with the institution after funding compensation. However, the allocation of tuition revenue for institutional needs be determined by the President of each institution in consultation with the student body representatives.

It is the intent of the Legislature that any salary increases be distributed to faculty, professional and classified employees in an equitable manner.

It is the intent of the Legislature that all Utah System of Higher Education institutions use facility operation and maintenance (O&M) funding consistent with State Agencies only for O&M purposes.

It is the intent of the Legislature that the Council of Presidents and representatives of the Board of Regents working in conjunction with legislators, the Legislative Fiscal Analyst and a representative of the Governor's Office review and refine the funding formula for the Utah System of Higher Education. It is the intent of the Legislature that this proposed formula reduce dependence on growth funding, link to measurable systemwide and institutional specific performance indicators, respond to changes in costs of instruction due to the implementation of technology or the utilization of cost saving measures and respond to market demand, student performance as well as recognized differences in institutional roles and mission.

It is the intent of the Legislature that the State Board of Regents be directed to closely supervise the fuel and power budgets with the intent of promoting greater energy efficiency on each campus. It is also the intent of the Legislature that the Board of Regents report during the interim to the Subcommittee on Higher Education on the implementation of long term plans to control and manage energy costs.

It is the intent of the Legislature that the State Board of Regents in consultation with the Utah Academic Library Consortium should coordinate the acquisition of library materials for the nine USHE institutions.

It is the intent of the Legislature that patient fees shall be retained by the Hospital provided that they are spent in compliance with the Hospital's operating budget approved by the State Board of Regents.

It is the intent of the Legislature that the USHE complete and submit all financial reports (i.e. A-1's, R-1's, S-10's, and S-12's, etc.) to the Office of the Legislative Fiscal Analyst by October 1 of each fiscal year.

To the University of Utah Health Science Center for medical education \$2,499,300 at the University of Utah School of Medicine and \$1,785,200 to the Huntsman Cancer Institute.

In order to assure the Legislature that the University of Utah's School of Medicine is selecting and graduating the most highly qualified and competent doctors for the citizens of Utah, it is the intent of the Legislature that the University of Utah's School of Medicine present a detailed written report to the Higher Education Appropriation Subcommittee on their admission standards, policies and practices.

It is the intent of the Legislature that the State Board of Regents establish a policy regarding excess course taking by students. The policy may require that a student who registers two or more times in the same undergraduate course be subject to a repeat-course fee of one hundred percent of the full cost of instruction.

It is the intent of the Legislature that the State Board of Regents establish a policy that when an adult who comes to Utah and establishes residence here for the purpose of attending an institution of higher education must demonstrate that they have followed the provisions already set by the Utah Code Section 53B-8-102, as well as reside in Utah one continuous year (12 months) prior to enrolling full-time in an institution of higher education for the academic semester in question and prove that they have been financially independent of their parent(s) or guardian(s) by submitting appropriate Federal tax returns (for two consecutive years) for the calendar year prior to the beginning of the academic period for which registration as a resident student is sought.

It is the intent of the Legislature that the State Board of Regents present a detailed written report to the Executive Appropriations Committee on the distribution of the tuition waiver funds that were set aside from the resident and nonresident tuition revenue collected at each institution. It is also the intent of the Legislature that this report includes the current policy and practices employed for distributing these funds.

The motion passed unanimously.

MOTION: Rep. Jones moved to recommend to the Legislative Management Committee that the Public Ed Interim Committee study employment needs for people with disabilities.

There was discussion about the best place to put this request. Rep. Dayton spoke against the motion because there is a mechanism to request items for interim study.

The motion passed with Rep. Dayton voting nay.

Committee Co-Chair Gladwell adjourned the meeting at 2:55 p.m.

Minutes were reported by Rolayne Day, Secretary.

Sen. David Gladwell, Committee Co-Chair

Rep. Bradley T. Johnson, Committee Co-Chair

Program Discontinuation and Personnel Reductions

Guiding Principles

It is proposed that the following principles be used to guide review of potential future program discontinuations and attendant reductions in personnel or funding prioritization:

1. Institutional Role and Mission. Review necessity of program continuation for the centrality or essence of the institution's role and mission. Provide funding consistent with assigned roles and missions. Recognize that smaller institutions have more limited flexibility than larger institutions.
2. Demand. Assess student demand as well as workforce and employer needs. Use program reviews to assess ongoing relevance and avoid continuing programs that may be antiquated. Identify placement and success of students in the work force. Funding reductions or program eliminations should impact the fewest students.
3. Duplication. Consider unnecessary duplication of programs within the System, particularly programs that may be high cost and/or low producing.
4. Program Costs. Examine relative costs and anticipated savings from program reduction or deletion, and the comparative advantage of reallocating resources to other priorities in order to maintain student access as much as possible. Public service, institutional support, academic support and other operating areas should absorb a share of the burden.
5. Program Quality. Assess quality of the program as measured by the success of its graduates, reputation of faculty, and employer/community acceptance.
6. Enrollment Management and Institutional Capacity. Consider institutional enrollment management policy, limited access at the institution, upper division access, or caps within given majors.
7. Economic Stimulus and Recovery. Protect programs vital to economic stimulus and recovery.
8. Long-term Impact. Examine potential long-term impact of program discontinuations.

Through the process of determining which programs should be considered for possible discontinuation it is intended that the decisions should be made at the local campus in consultation with the Commissioner's Office regarding unnecessary duplication of programs. Those closest to the situation can best understand the multitude of ramifications involved in such a critical decision.

Cost Savings

The discontinuation of a program at a USHE institution does not produce an immediate financial savings nor reduction in personnel. It is the cost saving in the long term which is beneficial to an institution.

- Students currently in the program must be provided a way to complete the program often requiring courses be taught for an additional two or more years.
- Faculty teaching in the program are not terminated immediately, but based on their hiring status (tenured or non-tenured) must be given the appropriate length of notification and they also must work with students to help them complete the program.
- Facilities still require power and water and are generally absorbed by other programs resulting in no reduction in costs to the institution.
- Student FTE will be decreased as programs are discontinued. Students don't generally transfer to another program on campus, and if they leave the institution their tuition is no longer available.

2-12-03

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USHE FY 2004 Adjusted Base Budget								
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management	Tobacco Settlement GFR	Cigarette Tax GFR	Total
University of Utah	\$202,226,000	\$86,757,000	\$0	\$0	\$653,100	\$4,000,000	\$4,284,500	\$297,920,600
Utah State University	122,168,800	46,938,900	3,902,300	743,600	100,600	0	0	173,854,200
Weber State University	54,373,200	28,370,300	0	0	0	0	0	82,743,500
Southern Utah University	25,634,000	11,415,400	0	0	0	0	0	37,049,400
Snow College	14,901,900	3,962,700	0	0	0	0	0	18,864,600
Dixie State College	15,733,400	6,301,400	0	0	0	0	0	22,034,800
College of Eastern Utah	11,891,400	2,502,100	0	0	0	0	0	14,393,500
Utah Valley State College	39,285,600	34,454,900	0	0	0	0	0	73,740,500
Salt Lake Community College	52,653,100	25,402,500	0	0	0	0	0	78,055,600
State Board of Regents	16,436,600	265,800	301,400	0	0	0	0	17,003,800
USHE Total	\$555,304,000	\$246,371,000	\$4,203,700	\$743,600	\$753,700	\$4,000,000	\$4,284,500	\$815,660,500

Southern Utah University FY 2004 Base Budget								
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management	Tobacco Settlement GFR	Cigarette Tax GFR	Total
Education & General	\$25,434,000	\$11,415,400	\$0	\$0	\$0	\$0	\$0	\$36,849,400
Shakespeare Festival	12,500	0	0	0	0	0	0	12,500
Rural Development Funds	98,100	0	0	0	0	0	0	98,100
Educationally Disadvantaged	89,400	0	0	0	0	0	0	89,400
SUU Total	\$25,634,000	\$11,415,400	\$0	\$0	\$0	\$0	\$0	\$37,049,400

University of Utah FY 2004 Base Budget									
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management	Tobacco Settlement GFR	Cigarette Tax GFR	Total	
Education & General	\$173,476,700	\$76,184,400	\$0	\$0	\$502,100	\$4,000,000	\$4,284,500	\$258,447,700	
School of Medicine	19,759,400	9,114,200	0	0	0	0	0	28,873,600	
Regional Dental Education Program	554,200	118,500	0	0	0	0	0	672,700	
Poison Control	0	1,339,900	0	0	0	0	0	1,339,900	
Seismograph Stations	391,500	0	0	0	0	0	0	391,500	
Museum of Nat'l Hist.	597,200	0	0	0	0	0	0	597,200	
State Arboretum	108,600	0	0	0	0	0	0	108,600	
Public Broadcasting KUED & County Trans.	2,334,300	0	0	0	0	0	0	2,334,300	
University Hospital	4,291,000	0	0	0	0	0	0	4,291,000	
Miners Hospital	18,900	0	0	0	151,000	0	0	169,900	
Educationally Disadv.	694,200	0	0	0	0	0	0	694,200	
U of U Total	\$202,226,000	\$86,757,000	\$0	\$0	\$653,100	\$4,000,000	\$4,284,500	\$297,920,600	

Utah State University FY 2004 Base Budget									
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management	Tobacco Settlement GFR	Cigarette Tax GFR	Total	
Education & General	\$93,889,700	\$40,802,500	\$0	\$0	\$100,600	\$0	\$0	\$134,792,800	
Southeast Continuing Ed. Center	621,900	436,600	0	0	0	0	0	1,058,500	
Uintah Basin Continuing Ed. Center	2,702,000	1,747,500	0	0	0	0	0	4,449,500	
Brigham City Continuing Ed. Center	372,300	919,500	0	0	0	0	0	1,291,800	
Tooele Continuing Ed. Center	1,025,600	2,252,800	0	0	0	0	0	3,278,400	
Agriculture Experiment Station	11,220,800	630,000	1,813,800	0	0	0	0	13,664,600	
Water Research Lab	1,482,300	0	0	743,600	0	0	0	2,225,900	
Coop Extension	10,627,900	150,000	2,088,500	0	0	0	0	12,866,400	
Educationally Disadvantaged	226,300	0	0	0	0	0	0	226,300	
USU Total	\$122,168,800	\$46,938,900	\$3,902,300	\$743,600	\$100,600	\$0	\$0	\$173,854,200	

Snow College FY 2004 Base Budget								
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management	Tobacco Settlement GFR	Cigarette Tax GFR	Total
Education & General	\$11,766,400	\$3,400,000	\$0	\$0	\$0	\$0	\$0	\$15,166,400
Snow College - Richfield	3,103,500	562,700	0	0	0	0	0	3,666,200
Educationally Disadvantaged	32,000	0	0	0	0	0	0	32,000
Snow Total	\$14,901,900	\$3,962,700	\$0	\$0	\$0	\$0	\$0	\$18,864,600

Weber State University FY 2004 Base Budget								
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management Settlement	Tobacco GFR	Cigarette Tax GFR	Total
Education & General	\$54,053,700	\$28,370,300	\$0	\$0	\$0	\$0	\$0	\$82,424,000
Educationally Disadvantaged	319,500	0	0	0	0	0	0	319,500
WSU Total	\$54,373,200	\$28,370,300	\$0	\$0	\$0	\$0	\$0	\$82,743,500

Southern Utah University FY 2004 Base Budget								
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management Settlement	Tobacco GFR	Cigarette Tax GFR	Total
Education & General	\$25,434,000	\$11,415,400	\$0	\$0	\$0	\$0	\$0	\$36,849,400
Shakespeare Festival	12,500	0	0	0	0	0	0	12,500
Rural Development Funds	98,100	0	0	0	0	0	0	98,100
Educationally Disadvantaged	89,400	0	0	0	0	0	0	89,400
SUU Total	\$25,634,000	\$11,415,400	\$0	\$0	\$0	\$0	\$0	\$37,049,400

Snow College FY 2004 Base Budget								
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management Settlement	Tobacco GFR	Cigarette Tax GFR	Total
Education & General	\$11,766,400	\$3,400,000	\$0	\$0	\$0	\$0	\$0	\$15,166,400
Snow College - Richfield	3,103,500	562,700	0	0	0	0	0	3,666,200
Educationally Disadvantaged	32,000	0	0	0	0	0	0	32,000
Snow Total	\$14,901,900	\$3,962,700	\$0	\$0	\$0	\$0	\$0	\$18,864,600

Dixie State College FY 2004 Base Budget								
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management	Tobacco Settlement GFR	Cigarette Tax GFR	Total
Education & General	\$15,646,900	\$6,269,500	\$0	\$0	\$0	\$0	\$0	\$21,916,400
Zion Park Amphitheater	55,900	31,900	0	0	0	0	0	87,800
Educationally Disadvantaged	30,600	0	0	0	0	0	0	30,600
DSC Total	\$15,733,400	\$6,301,400	\$0	\$0	\$0	\$0	\$0	\$22,034,800

College of Eastern Utah FY 2004 Base Budget								
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management	Tobacco Settlement GFR	Cigarette Tax GFR	Total
Education & General	\$9,642,900	\$2,007,600	\$0	\$0	\$0	\$0	\$0	\$11,650,500
San Juan Center	1,691,600	493,500	0	0	0	0	0	2,185,100
Prehistoric Musuem	176,700	1,000	0	0	0	0	0	177,700
Distance Education - Price	131,800	0	0	0	0	0	0	131,800
Distance Education - SJC	131,800	0	0	0	0	0	0	131,800
Educationally Disadvantaged	116,600	0	0	0	0	0	0	116,600
CEU Total	\$11,891,400	\$2,502,100	\$0	\$0	\$0	\$0	\$0	\$14,393,500

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Utah Valley State College FY 2004 Base Budget								
	General Funds	Dedicated Credits	Federal Funds	Mineral Lease	Land Grant Management	Tobacco Settlement GFR	Cigarette Tax GFR	Total
Education & General	\$39,155,900	\$34,454,900	\$0	\$0	\$0	\$0	\$0	\$73,610,800
Educationally Disadvantaged	129,700	0	0	0	0	0	0	129,700
UVSC Total	\$39,285,600	\$34,454,900	\$0	\$0	\$0	\$0	\$0	\$73,740,500